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TAGS: [PGOV](#) [PREL](#) [PM](#)  
SUBJECT: PANAMA: NEW PRESIDENT AND NATIONAL ASSEMBLY ASSUME  
POSTS

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Summary  
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¶1. (U) Ricardo Martinelli became the fifth democratically elected President of Panama in the last 20 years on July 1, while Secretary of the Interior Ken Salazar led a White House delegation to the inauguration ceremony. In his inaugural address Martinelli defended Panama's economic model, stated his intention to end corruption and delivered a list of promises to improve the lot of Panama's poor. President Francisco Zelaya of Honduras attended the ceremony, together with the presidents of Mexico, Colombia, Costa Rica, El Salvador and Taiwan. Zelaya's presence attracted attention, but did not become a major distraction. After the inauguration Martinelli joined the Presidents of Mexico and Colombia in announcing a trilateral agreement to combat regional organized crime (septel). Earlier in the same day, the new National Assembly, where Martinelli's coalition controls 44 of 71 seats, was sworn in. End Summary.

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Economic Progress, Government Reform, Free Trade  
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¶2. (U) Ricardo Martinelli was sworn in as President of Panama on July 1st. Secretary Salazar led a White House delegation, together with Congressman Gregory Meeks, Principal Deputy Assistant Secretary for Western Hemisphere Affairs Craig Kelly, Freddy Balsera, Managing Partner of Balsera Communications, and Jim Swigert, Senior Associate and Regional Director of Latin America and Caribbean Programs for the National Democratic Institute. Martinelli pledged during his speech to use his business expertise to reform Panama's bureaucracy and fight government corruption. He emphasized free market ideals in contrast with "the changing ideologies currently existing in Latin America". Martinelli said he wanted to pursue free trade agreements with the U.S., Europe and other Latin American countries to create jobs for Panama and declared his intent to make Panama "the best place in Latin America to do business". He reiterated several of his campaign promises, including pay raises for law enforcement personnel, \$100 monthly payments for the unpensioned elderly, and a subway project to create employment and solve Panama City's transportation problems. He also said he would begin a massive land titling project and a low income housing initiative.

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President Zelaya Crashes Party  
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¶3. (U) President Zelaya arrived in Panama the day of the inauguration to represent Honduras. Zelaya drew some attention but did not become a major distraction.

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Fighting Regional Crime  
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¶4. (U) Immediately following the inauguration ceremony Martinelli joined Mexican President Felipe Calderon and Colombian President Alvaro Uribe to announce an alliance to fight regional organized crime and narcotics trafficking. Specific terms were not disclosed, but Martinelli, calling organized crime a "scourge" that drives away investment and jobs, emphasized information sharing and cooperation among the three countries.

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Legislative Strength for New Executive  
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¶5. (U) Earlier in the morning, in a prelude to the Presidential inauguration, 71 deputies of the new Panamanian National Assembly took the oath of office. Jose Luis "Popi" Varela, brother of incoming Vice President and Foreign Minister Juan Carlos Varela, was elected President of the Assembly by a vote of 44 to 27.  
STEPHENSON